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# WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

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*Primary Government Financial Statements,  
Supplemental Information, and Independent Auditor's Reports*

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*Year Ended December 31, 2001*

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/21/02

**RICHARD M. SEAL**

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

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WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

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# RICHARD M. SEAL

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CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

## INDEPENDENT AUDITOR'S REPORT ON THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

Washington Parish Government  
Franklinton, Louisiana

I have audited the accompanying primary government financial statements of the Washington Parish Government, Franklinton, Louisiana, as of and for the year ended December 31, 2001. These primary government financial statements are the responsibility of the Washington Parish Government's management. My responsibility is to express an opinion on these primary government financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the primary government financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall primary government financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In my opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of the Washington Parish Government as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include the financial data of component units of the Washington Parish Government do not purport to, and do not, present fairly the financial position of the Washington Parish Government as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2002 on my consideration of the Washington Parish Government's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an annual audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the primary government financial statements of the Washington Parish Government taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Washington Parish Government. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole. Also, the supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.



Certified Public Accountant

Bogalusa, Louisiana  
June 24, 2002



WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 2001

	GOVERNMENTAL FUND TYPES				ACCOUNT GROUPS			TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
ASSETS AND OTHER DEBITS								
Assets:								
Cash and cash equivalents	\$ 3,168,977	\$ 3,309,533	\$ 212,759	\$	\$	\$	\$	6,691,269
Investments		185,886						185,886
Receivables	544,445	1,923,133	58,518	48,105				2,574,201
Due from other funds	666,177	3,163,958						3,830,135
Due from other government units	81,044	1,754						82,798
Land, buildings, and equipment					13,750,692			13,750,692
Restricted assets:								
Cash		12,000						12,000
Other debits:								
Amount available in debt service fund						135,771		135,771
Amount to be provided for retirement of general long-term debt						520,035		520,035
Total assets and other debits	\$ 4,460,643	\$ 8,596,264	\$ 271,277	\$ 48,105	\$ 13,750,692	\$ 655,806	\$	27,782,787
LIABILITIES AND FUND EQUITY								
Liabilities:								
Accounts payable	\$ 239,970	\$ 101,148	\$ 1,651	\$ 20,563	\$	\$	\$	363,332
Retainage payable				27,542				27,542
Due to other funds	3,163,958	532,322	133,855					3,830,135
Due to other governmental units		200,378						200,378

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 2001

	GOVERNMENTAL FUND TYPES				ACCOUNT GROUPS			TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
Liabilities (Cont'd):								
Landfill closure and postclosure care costs	\$	\$	\$	\$	\$	\$	\$	\$
Capital leases payable						628,471	628,471	628,471
Compensated absences payable						11,798	11,798	11,798
Total liabilities	<u>3,403,928</u>	<u>833,848</u>	<u>135,506</u>	<u>48,105</u>	<u>-</u>	<u>15,537</u>	<u>655,806</u>	<u>15,537</u>
Fund equity:								<u>5,077,193</u>
Investment in general fixed assets								
Fund balances:					13,750,692			13,750,692
Reserved:								
Economic development	50,000							50,000
Debt service								
Contributions for street improvement			397,704					397,704
Unreserved:		12,000						12,000
Designated:								
Health insurance	122,258							122,258
Closure and postclosure care costs		628,471						628,471
Construction		600,000						600,000
Undesignated	884,457	6,521,945	(261,933)					7,144,469
Total fund equity	<u>1,056,715</u>	<u>7,762,416</u>	<u>135,771</u>	<u>-</u>	<u>13,750,692</u>	<u>-</u>	<u>22,705,594</u>	<u>22,705,594</u>
Total Liabilities and Fund Equity	<u>\$ 4,460,643</u>	<u>\$ 8,596,264</u>	<u>\$ 271,277</u>	<u>\$ 48,105</u>	<u>\$ 13,750,692</u>	<u>\$ 655,806</u>	<u>\$</u>	<u>27,782,787</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2001

REVENUES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUND	TOTAL (MEMORANDUM ONLY)
Taxes:					
Ad valorem	\$ 281,250	\$ 1,322,621	\$ 51,410	\$	\$ 1,655,281
Sales	5,335	2,235,935			2,241,270
Licenses and permits	153,181				153,181
Intergovernmental revenues:					
Federal funds:					
Federal grants					
State funds:		35,414		339,593	375,007
Parish transportation funds					
State revenue sharing(net)		484,151			484,151
Other	38,944	158,303			197,247
Fees, charges, etc.	622,798	128,855			751,653
Fines and forfeitures	148,934	3,194			152,128
Interest	1,005	121,231			122,236
Other	8,380	317,590	10,547		336,517
	7,959	16,884			
Total revenues	1,267,786	4,824,178	61,957	339,593	24,843
					6,493,514

(Continued)

The accompanying notes are an integral part of this statement.



WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2001

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUND	TOTAL (MEMORANDUM ONLY)
EXPENDITURES					
Current:					
General government:					
Legislative	\$ 69,558	\$	\$	\$	\$ 69,558
Judicial	622,741	153,782	1,651		778,174
Executive	143,555				143,555
Elections	188,747				188,747
Finance and administrative	235,118				235,118
Other	33,503	101,295			134,798
Public safety	318,569				318,569
Health and welfare	47,886	247,168			295,054
Highways and streets		1,322,934			1,322,934
Sanitation		62,406			62,406
Culture and recreation		497,451			497,451
Debt service	4,788	13,809	97,993		116,590
Capital outlay	74,076	394,890		339,593	808,559
Total expenditures	1,738,541	2,793,735	99,644	339,593	4,971,513
Excess(deficiency) of revenues over expenditures	(470,755)	2,030,443	(37,687)	-	1,522,001

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2001

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECT FUND	TOTAL (MEMORANDUM ONLY)
OTHER FINANCING SOURCES(USES)					
Operating transfers in	\$ 752,302	\$ 737,925	\$	\$	\$ 1,490,227
Operating transfers(out)		(1,490,227)			(1,490,227)
Choctaw Road Landfill joint venture income(loss)		(258,185)			(258,185)
Excess sales tax split with other government entities		(181,547)			(181,547)
Sale of fixed assets		8,147			8,147
Total other financing sources(uses)	752,302	(1,183,887)	-	-	(431,585)
Excess of revenues and other financing sources over expenditures and other uses	281,547	846,556	(37,687)	-	1,090,416
Fund balances at beginning of year	775,168	6,915,860	173,458	-	7,864,486
Fund balances at end of year	\$ 1,056,715	\$ 7,762,416	\$ 135,771	\$ -	\$ 8,954,902
(Concluded)					

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL- GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES									
Taxes:									
Ad valorem	\$ 281,250	\$ 281,250	\$	\$ 1,322,620	\$ 1,322,621	\$ 1	\$ 73,750	\$ 51,410	\$ (22,340)
Sales	5,000	5,335	335	1,886,530	2,235,935	349,405			
Licenses and permits	153,696	153,181	(515)						
Intergovernmental revenues:									
Federal funds:									
Federal grants				29,702	35,414	5,712			
State funds:									
Parish transportation funds				484,151	484,151				
State revenue sharing(net)	49,898	38,944	(10,954)	156,893	158,303	1,410			
Other	540,530	622,798	82,268	135,359	128,855	(6,504)			
Fees, charges, etc.	137,600	148,934	11,334	3,200	3,194	(6)			
Fines and forfeitures	1,000	1,005	5	142,613	121,231	(21,382)			
Interest	5,800	8,380	2,580	256,116	317,590	61,474	9,760	10,547	787
Other	11,600	7,959	(3,641)	15,550	16,884	1,334			
Total revenues	1,186,374	1,267,786	81,412	4,432,734	4,824,178	391,444	83,510	61,957	(21,553)
EXPENDITURES									
Current:									
General government:									
Legislative	69,704	69,558	146						
Judicial	624,537	622,741	1,796	151,109	153,782	(2,673)		1,651	(1,651)
Executive	145,083	143,555	1,528						

(Continued)  
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL- GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS				DEBT SERVICE FUND		
	VARIANCE -			VARIANCE -				VARIANCE -		
	BUDGET	ACTUAL	(UNFAVORABLE)	BUDGET	ACTUAL	(UNFAVORABLE)	BUDGET	ACTUAL	(UNFAVORABLE)	FAVORABLE
EXPENDITURES(Cont'd)										
Current(Cont'd):										
General government(Cont'd):										
Elections	\$ 110,754	\$ 188,747	\$ (77,993)	\$	\$	\$	\$	\$	\$	\$
Finance and administrative	258,393	235,118	23,275							
Other	36,625	33,503	3,122	97,148	101,295	(4,147)				
Public safety	350,486	318,569	31,917							
Health and welfare	47,667	47,886	(219)	238,230	247,168	(8,938)				
Highways and streets				1,325,976	1,322,934	3,042				
Sanitation				63,528	62,406	1,122				
Culture and recreation				496,290	497,451	(1,161)				
Debt service	4,600	4,788	(188)	16,572	13,809	2,763	97,993	97,993		
Capital outlay	68,220	74,076	(5,856)	456,324	394,890	61,434				
Total expenditures	1,716,069	1,738,541	(22,472)	2,845,177	2,793,735	51,442	97,993	97,993		
Excess(deficiency) of revenues over expenditures	(529,695)	(470,755)	58,940	1,587,557	2,030,443	442,886	(14,483)	(36,036)		(21,553)
OTHER FINANCING SOURCES(USES)										
Operating transfers in	752,302	752,302		737,925	737,925					
Operating transfers(out)				(1,494,551)	(1,490,227)	(4,324)				
Choctaw Road Landfill joint venture income(loss)				(268,100)	(258,185)	(9,915)				
Excess sales tax split with other government entities				(181,547)	(181,547)					
Sale of fixed assets				8,147	8,147					
Total other financing sources(uses)	752,302	752,302	-	(1,198,126)	(1,183,887)	(14,239)				

(Continued)  
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL- GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
Excess of revenues and other financing sources over expenditures and other uses	\$ 222,607	\$ 281,547	\$ 58,940	\$ 389,431	\$ 846,556	\$ 428,647	\$ (14,483)	\$ (36,036)	\$ (21,553)
Fund balances at beginning of year	812,951	775,168	(37,783)	6,798,391	6,915,860	117,469	173,458	173,458	-
Fund balances at end of year	\$ 1,035,558	\$ 1,056,715	\$ 21,157	\$ 7,187,822	\$ 7,762,416	\$ 546,116	\$ 158,975	\$ 137,422	\$ (21,553)

(Concluded)

The accompanying notes are an integral part of this statement.

**WASHINGTON PARISH GOVERNMENT**  
Franklinton, Louisiana

**Notes to the Primary Government Financial Statements**  
**As of and for the year ended December 31, 2001**

**INTRODUCTION**

The Washington Parish Government is the governing authority for Washington Parish and is a political subdivision of the State of Louisiana. On November 17, 1998 a home rule charter became effective which provides for a Council President (elected parish-wide) and seven elected Councilmen representing the various districts within the parish.

Louisiana Revised Statute (R.S.) 33:1236 gives the parish government various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

Washington Parish is 676 square miles, and has 540.6 miles of asphalt roads and 290.7 miles of gravel roads.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Washington Parish Government (the Government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.



## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

#### **B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Washington Parish Government is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government (Parish Government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Parish Government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Parish Government has determined that the following component units are part of the reporting entity. They have been blended because the Parish Government maintains the accounting records.

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

### **Blended Component Unit**

*The Tourism Tax Fund* (the Fund) was established by Ordinance No. 49 on December 29, 1992, which imposed a 3% bed and board tax to fund the Washington Parish Tourism Commission (the Commission) created earlier that year. In 1994 the 3% tax was ruled to be unconstitutional. Since the fund serves all constituents of Washington Parish, and due to the significance of the fiscal dependency relationship, it has been blended with the Parish Government's financial statements.

*The Criminal Court Fund* (the Fund) was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney. The Parish Government adopts a budget for the fund. Separate financial statements are not issued for the fund since it has been historically included as a fund within the Parish Government's financial statements.

*The Washington Parish Library* (the Library) was established by the Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The Library is governed by a board of control, which is appointed by the Parish Government in accordance with the provisions of Louisiana Revised Statute 25:214. Although the Library is legally separate, the Parish Government approves its budget and levies and collects ad valorem taxes dedicated to the operation of the library system. Separate financial statements are not issued for the Library since it has been historically included as a fund within the Parish Government's financial statements.

### **Discretely Presented Component Units**

The Parish Government has chosen to issue financial statements of the primary government (Parish Government) and blended component units only; therefore, none of the following listed component units are discretely presented in the accompanying financial statements.

**WASHINGTON PARISH GOVERNMENT**

Franklinton, Louisiana

**Notes to the Primary Government Financial Statements (Continued)**

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Washington Parish Assessor	December 31	2
Washington Parish Clerk of Court	June 30	2
Washington Parish Sheriff	June 30	2
Riverside Medical Center- Hospital Service District No. 1	December 31	1
Washington Parish Gas District No. 1	December 31	1
Washington Parish Gas District No. 2	December 31	1
Bogalusa Waterworks District	December 31	1
Varnado Waterworks District	December 31	1
Fire Protection District No. 1	December 31	1
Fire Protection District No. 2	December 31	1
Fire Protection District No. 3	December 31	1
Fire Protection District No. 4	December 31	1
Fire Protection District No. 5	December 31	1
Fire Protection District No. 6	December 31	1
Fire Protection District No. 7	December 31	1
Fire Protection District No. 8	December 31	1
Mt. Hermon Fire District	December 31	1
Washington Parish Communications District	December 31	1
Washington Parish Tourism Commission	December 31	1
Washington Parish Office of Emergency Preparedness	December 31	1

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) *related organizations* and (b) *joint ventures*, as follows:

**Related Organizations**

**Housing Authority of Washington Parish** - The Parish Government appoints all five Commissioners of the Housing Authority of Washington Parish. However, no further contact or influence exists. Therefore, it is not included in the Parish Government's financial statements.



## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

### Joint Ventures

**Choctaw Road Landfill** (the Joint Venture) - The Parish Government is a participant with the City of Bogalusa (the City) in a joint venture to construct and operate the Choctaw Road Landfill, a solid waste disposal landfill. The Joint Venture was opened in July of 1989. The agreed upon percentages of sharing of construction costs and operating losses were 58.1% for the Parish Government and 41.9% for the City. The Parish Government's share of costs has been funded by a dedicated one percent sales tax in Washington Parish, excluding Ward 4. The City's share of costs has been funded by an ad valorem tax and the issuance of general obligation bonds.

The Joint Venture is apparently not experiencing any financial stress. Complete financial statements for the Joint Venture can be obtained from the Washington Parish Parish Government at the parish courthouse in Franklinton, LA.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Parish Government) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Parish Government).

Considered in the determination of component units of the reporting entity were the Washington Parish School Board and various municipalities in the parish. It was determined that these governmental entities are not component units of the Washington Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Washington Parish Government.

### C. FUND ACCOUNTING

The Parish Government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Parish Government are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and description of each existing fund type follow:

#### **Governmental Funds**

Governmental funds are used to account for all or most of the Parish Government's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund--the general operating fund of the Parish Government and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds--account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Debt Service Fund--account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

#### **Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Internal Service Fund--accounts for the partial coverage of health insurance provided by one department to other departments or governments on a cost-reimbursement basis.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
Notes to the Primary Government Financial Statements (Continued)

**Account Groups**

Account groups are used to establish accounting control and accountability for the Parish Government's general fixed assets and general long-term debt. The following are the Parish Government's Account Groups:

1. General Fixed Assets Account Group — Fixed assets used in Governmental Fund Type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. General fixed assets consist of land, buildings and improvements, and equipment with an expected useful life of more than one year. Purchases of general fixed assets are recorded as expenditures at the time of purchase. Depreciation is not recorded on general fixed assets.
2. General Long-Term Debt Account Group — Long-term liabilities such as unmatured general obligation indebtedness and the long-term portion of compensation absences expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is followed by all governmental funds (General Fund, Special Revenue Funds, and Debt Service Fund).

Revenues

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Ad valorem taxes are considered "measurable" at the time of levy, whereas such items as beer taxes are considered "measurable" when in the hands of intermediary collecting agencies and are recognized as revenue at that time. Available



## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are considered to be available if they are collected within 60 days after year-end.

#### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

#### **E. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

#### **F. BUDGET PRACTICES**

Preliminary budgets for the ensuing year are prepared by the Comptroller during October of each year. During November the budget committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets are then advertised in the official journal. Prior to the regular meeting in December, the Parish Government holds a public hearing on the proposed budgets in order to receive comments from

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

residents. Changes are made to the proposed budgets based on the public hearings and the desires of the Parish Government. The budgets are then adopted during the regular December meeting and notice is published in the official journal.

The Parish Government receives monthly budget comparison statements during the year that are used as a tool to control the operations of the parish. In December the Parish Government votes to adopt the final budget adjustments for the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

The Parish Government exercises budgetary control at the functional level. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. Budgets are adopted using the modified accrual basis of accounting.

#### **G. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Every appropriation, except an appropriation for a capital expenditure, will lapse at the close of the fiscal year to the extent it has not been expended. Encumbrances do not constitute expenditures or liabilities.

#### **H. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Parish Government may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

Under state law, the Parish Government may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

#### **I. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables or interfund payables on the balance sheet.

#### **J. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost.

#### **K. COMPENSATED ABSENCES**

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term debt account group.

Employees of the Parish Government, Library and Criminal Court earn vacation leave at varying rates according to years of service. Vacation leave must be taken during the year earned. However, upon termination employees are paid for any unused vacation leave earned during the year.

Employees earn 12 days of sick leave each year. A total of 45 days may be accumulated. All accumulated sick leave lapses upon termination, except for employees of the Library who are paid for all accumulated sick leave upon termination.



**WASHINGTON PARISH GOVERNMENT**

Franklinton, Louisiana

**Notes to the Primary Government Financial Statements (Continued)**

**L. LONG-TERM DEBT**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

**M. FUND EQUITY**

**Reserves**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**Designated Fund Balances**

Designated fund balances represent tentative plans for future use of financial resources.

**N. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. SALES TAXES**

On September 27, 1986 the voters of Washington Parish outside the corporate limits of the City of Bogalusa approved for an indefinite period of time, a one per cent sales tax. The proceeds of the sales tax, after administrative expenses, were dedicated to the costs of acquiring, operating, and maintaining solid waste disposal facilities.

**WASHINGTON PARISH GOVERNMENT**

Franklinton, Louisiana

**Notes to the Primary Government Financial Statements (Continued)**

On April 11, 1992 the voters decided to rededicate and re-allocate the above mentioned sales tax so that the proceeds in excess of those needed for the solid waste disposal facilities be used as follows:

- (a) 45% of such excess proceeds to pay the costs of services which the parish is legally obligated to pay under the laws of Louisiana;
- (b) 44.14% of such excess proceeds to be placed in the Parish Transportation Fund to be used for constructing, maintaining and improving public roads, highways and bridges in the Parish, to the extent that such projects qualify as allowable Parish Transportation Fund projects;
- (c) 9.72% of such excess proceeds to be used for constructing, maintaining and improving public roads, highways and bridges, for constructing, maintaining and improving drainage facilities and for economic development in the Town of Franklinton [provided that for five years after the effective date of this rededication, 80% of the portion described in this part (c) shall be used for economic development];
- (d) 0.57% of such excess proceeds to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Angie; and
- (e) 0.57% of such excess proceeds to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Varnado.

**P. TOTAL COLUMNS ON COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
Notes to the Primary Government Financial Statements (Continued)

**2. LEVIED TAXES**

The following is a listing of levied millages for ad valorem taxes:

	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide Taxes:		
General Fund:		
Inside	1.85	Indef.
Outside	3.70	Indef.
Special revenue funds:		
Library	4.60	2006
Parish Transportation	4.13	2006
Courthouse Maintenance	1.03	2006
Health Unit Maintenance	3.11	2006
Debt Service Fund	<u>.50</u>	2001
	<u>18.92</u>	

**3. CASH AND CASH EQUIVALENTS**

At December 31, 2001, the Parish Government has cash and cash equivalents (book balances) totaling \$6,703,269; all are interest bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2001, the Parish Government has \$6,717,457 in deposits (collected bank balances). These deposits are secured from risk by \$215,847 of federal deposit insurance and \$8,322,381 of pledged securities held by a custodial bank in the name of the fiscal agent bank.

**4. INVESTMENTS**

At December 31, 2001, the Parish Government holds investments of Certificates of Deposit for the Library Fund totaling \$185,886. These investments are secured by pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3).



WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
Notes to the Primary Government Financial Statements (Continued)

**5. RECEIVABLES**

The following is a summary of receivables at December 31, 2001:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Taxes:				
Ad valorem	\$ 306,687	\$ 1,442,643	\$ 58,518	\$
Sales tax		208,406		
State revenue sharing	38,943	158,304		
Intergovernmental-				
State	104,394	91,711		48,104
Local	22,199	22,069		
Other	<u>72,222</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 544,445</u>	<u>\$ 1,923,133</u>	<u>\$ 58,518</u>	<u>\$ 48,104</u>

**6. FIXED ASSETS**

The changes in general fixed assets follow:

	<u>Balance January 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2001</u>
Parish Government:				
Land	\$ 789,649	\$	\$	\$ 789,649
Building	6,222,938	8,601		6,231,539
Equipment	<u>2,522,199</u>	<u>269,155</u>	<u>158,129</u>	<u>2,633,225</u>
Total Parish Government	<u>9,534,786</u>	<u>277,756</u>	<u>158,129</u>	<u>9,654,413</u>
Library:				
Land	42,343			42,343
Building	516,334			516,334
Furniture & equipment	497,023	44,247		541,270
Books	<u>1,440,589</u>	<u>59,678</u>	<u>25,905</u>	<u>1,474,362</u>
Total Library	<u>2,496,289</u>	<u>103,925</u>	<u>25,905</u>	<u>2,574,309</u>
Landfill	<u>1,491,284</u>	<u>30,686</u>	<u>          </u>	<u>1,521,970</u>
Total	<u>\$ 13,522,359</u>	<u>\$ 412,367</u>	<u>\$ 184,034</u>	<u>\$ 13,750,692</u>

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

### 7. PENSION PLAN

Substantially all employees of the Washington Parish Government are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Parish Government are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Washington Parish Government is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Washington

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

Parish Government are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Washington Parish Government's contributions to the System under Plan A for the years ending December 31, 2001, 2000, and 1999, were \$119,624, \$107,955, and \$105,678, respectively, equal to the required contributions for each year.

## 8. SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Choctaw Road Landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. A related liability is being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for closure and postclosure costs at December 31, 2001, determined by the landfill's engineer, was \$1,081,705. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The estimated liability for closure and postclosure care costs of \$1,081,705 as of December 31, 2001 has been recorded in the general long-term debt of each participant's separate financial statements section as follows:

Washington Parish Government	58.1%	\$ 628,471
City of Bogalusa	41.9%	<u>453,234</u>
		<u>\$ 1,081,705</u>

Neither the Parish Government nor the City is required to set aside funds in escrow to finance future closure and postclosure care costs.

## 9. LEASES

The Parish Government is obligated under certain leases for copying equipment and a phone system which are accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account



WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

Group and the General Long-Term Debt Account Group, respectively. The following is a schedule of future minimum lease payments as of December 31, 2001:

2002	\$ 6,105
2003	4,292
2004	<u>2,823</u>
Minimum lease payments	13,220
Less amount representing interest	<u>(1,422)</u>
Present value of minimum lease payments	<u>\$ 11,798</u>

**10. CHANGES IN GENERAL LONG-TERM DEBT(OBLIGATIONS)**

The following is a summary of the long-term debt transactions:

	Amount Owed <u>1/1/01</u>	<u>Additions</u>	<u>Retirements</u>	Amount Owed <u>12/31/01</u>
General obligation jail bond, series 1991	\$ 95,000	\$	\$ 95,000	\$ —
Capital leases payable	22,214		10,416	11,798
Landfill closure and post-closure care costs	1,435,771		807,300	628,471
Compensated absences	<u>13,160</u>	<u>2,377</u>		<u>15,537</u>
	<u>\$ 1,566,145</u>	<u>\$ 2,377</u>	<u>\$ 912,716</u>	<u>\$ 655,806</u>

The General Obligation Jail Bonds of the Washington Parish Government dated September 26, 1991, issued in the amount of \$790,000, were issued for the purpose of paying off the General Obligation Jail Bond, Series 1981. The bonds are payable from ad valorem taxation. The bonds are due in annual installments of \$15,000 to \$95,000 through March 1, 2001, with an interest rate of 4.7% to 6.3% per annum. The bonds were paid off in 2001.

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

### 11. PRIOR PERIOD ADJUSTMENT

Fund balance for General Fund at the beginning of 2001 has been decreased by \$37,783 for a payable for December 31, 2000, that was not accrued as accounts payable.

### 12. INTERFUND RECEIVABLES/PAYABLES

Individual fund balances due from/to other funds at December 31, are as follows:

<u>Fund</u>	<u>2001</u>	
	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 666,177	\$ 3,163,958
Special Revenue Funds:		
Tourism Tax		1,754
Parish Transportation	831,335	
Courthouse Maintenance		73,942
Health Unit Maintenance	456,134	
Criminal Court		42,812
Library		396,518
Special Witness	10,145	
Sales Tax Split Proposition	1,866,344	
Governor's Office of Urban Development		17,296
Debt Service Fund		133,855
Total	<u>\$ 3,830,135</u>	<u>\$ 3,830,135</u>

### 14. ON-BEHALF PAYMENTS

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits and salaries. During the year 2001, the state paid salaries of \$79,219 directly to Parish Government employees on-behalf of Parish Government. This amount has been included in the financial statements in intergovernmental revenue and salaries expenditures.

### 15. LITIGATION

At December 31, 2001, the Parish Government was a defendant in several lawsuits arising principally from vehicular accidents on Parish roads and fall cases occurring within Parish buildings. In a vehicular suit, Richard Blalock versus Washington

## WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

### Notes to the Primary Government Financial Statements (Continued)

Parish, et al, the court ruled against the Parish Government and awarded a damage verdict of \$2,486,457 plus interest. The attorney for the Parish Government is stated that the judgement is now final and LIGA has paid approximately \$150,000 of it. The remainder of the judgement is active against the Parish Government. There is exposure in several other cases; however, generally, judgment creditors can not execute against publically owned property and can only be paid out of funds specifically allocated by the public body. At December 31, 2001 no appropriations had been specifically allocated for payment of any of the lawsuits.

#### **16. RESTRICTED CASH**

On May 15, 2001 four individuals contributed \$12,000 to pay for the material to repair and improve .7 mile of the Austin Crain Road. The money is being held in escrow until the project is complete. Parish Government is to provide the necessary labor and equipment.

#### **17. CRIMINAL COURT FUND DEFICIT**

At December 31, 2001 the Criminal Court Fund had a deficit fund balance of \$23,788. Parish Government has no control over this fund and is unaware of how the Court will correct this deficit situation.



# RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Washington Parish Government  
Franklinton, Louisiana

I have audited the primary government financial statements of Washington Parish Government as of and for the year ended December 31, 2001, and have issued my report thereon dated June 24, 2002, which was qualified for omission of one or more, but not all component units. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Washington Parish Government's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Parish Government's internal control over financial reporting in order to determine my

auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the Washington Parish Government's management and the office of the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, reading "Richard M. Seay". The signature is written in a cursive style with a large initial 'R' and a stylized 'S'.

Certified Public Accountant

Bogalusa, Louisiana  
June 24, 2002

## *SUPPLEMENTAL INFORMATION*

## **SPECIAL REVENUE FUNDS**

**Tourism Tax Fund** - The Tourism Tax Fund accounts for the proceeds of a 3% bed and board tax. On March 30, 1994 the 22nd Judicial District Court ruled the tax unconstitutional. The Police Jury voted to suspend collection of the tax in May 1994 pending the ruling of the Louisiana Supreme Court. On November 30, 1994 the Supreme Court upheld the ruling of the lower Court.

**Parish Transportation Fund** - The Parish Transportation Fund accounts for constructing, improving, and maintaining public roads and bridges in the parish. Financing is provided by the State of Louisiana Parish Transportation Fund, ad valorem taxes, and state revenue sharing funds. The ad valorem tax expires in 2006.

**Courthouse Maintenance Fund** - The Courthouse Maintenance Fund accounts for the operation and maintenance of the courthouse and related public buildings of the parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

**Health Unit Maintenance Fund** - The Health Unit Maintenance Fund accounts for the operation and maintenance of public health units in the parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

**Criminal Court Fund** - The Criminal Court Fund was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney.

**Library Fund** - The Washington Parish Library was established by the Police Jury on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control, which is appointed by the Police Jury in accordance with the provisions of Louisiana Revised Statute 21:214. The members of the board of control serve without pay. Primary financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

**Special Witness Fund** - The Special Witness Fund was established under Section 255 of Title 15 of the Louisiana Revised Statute of 1981, which provides that costs of court collected in individual cases, tried in district or parish courts on which there is a plea of guilty or conviction, be transferred to the parish treasurer and deposited into a Special Witness Fund account to be used to pay off-duty officer witness fees. Expenditures are made from the fund when court affidavit is presented to the Parish Comptroller, and when the appropriate payroll department verifies that the officer was off duty.

**Sales Tax Split Proposition Fund** - The Sales Tax Split Proposition Fund accounts for the proceeds of the one cent sales tax imposed parishwide, excluding the City of Bogalusa, for periods May, 1992, and thereafter, to pay the costs of providing, maintaining, operating, constructing, acquiring, and/or improving solid waste facilities. Excess collections are to be used as follows:

- (a) 45% of excess will be used to pay mandated expenditures of the General Fund which the parish is legally obligated to pay under Louisiana law.
- (b) 44.14% of excess will be placed in the Parish Transportation Fund to be used for constructing, maintaining, and improving parish roads, highways, and bridges.
- (c) 9.72% of excess will be used for constructing, maintaining, and improving roads, highways, bridges, and drainage facilities in the Town of Franklinton. In addition, 80% of this money must be used for economic development in the first five years.
- (d) 1.14% of excess will be equally used for constructing, maintaining, and improving roads, highways, and bridges in the Villages of Angie and Varnado.

**Governor's Office of Rural Development Fund** - The Governor's Office of Rural Development Fund accounts for a grant from the State of Louisiana.



WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
December 31, 2001

	TOURISM TAX	PARISH TRANSPORTATION	COURTHOUSE MAINTENANCE	HEALTH UNIT MAINTENANCE	CRIMINAL COURT	LIBRARY	SPECIAL WITNESS	SALES TAX SPLIT	GOVERNOR'S OFFICE OF RURAL DEVELOPMENT	TOTALS
Cash and cash equivalents	\$	\$ 60,580	\$ 47,791	\$ 1,120,523	\$	\$ 277,113	\$	\$ 1,803,526	\$	\$ 3,309,533
Investments						185,886				185,886
Receivables		590,206	125,362	386,879	21,872	571,961	196	208,406	18,251	1,923,133
Restricted assets:										
Cash		12,000								12,000
Due from other funds		831,335		456,134			10,145	1,866,344		3,163,958
Due from other government units	1,754									1,754
Total assets	\$ 1,754	\$ 1,494,121	\$ 173,153	\$ 1,963,536	\$ 21,872	\$ 1,034,960	\$ 10,341	\$ 3,878,276	\$ 18,251	\$ 8,596,264

LIABILITIES AND FUND BALANCES

Liabilities:										
Accounts payable	\$	37,513	\$ 3,767	\$ 22,709	\$ 2,848	\$ 30,449	\$ 375	\$ 3,487		\$ 101,148
Due to other government units								200,378		200,378
Due to other funds	1,754		73,942		42,812	396,518			17,296	532,322
Total liabilities	1,754	37,513	77,709	22,709	45,660	426,967	375	203,865	17,296	833,848
Fund balances:										
Reserve:										
for contributions for street improvements		12,000								12,000
Unreserved:										
Designated -										
for closure and postclosure care costs								628,471		628,471
for construction								600,000		600,000
Undesignated(deficit)		1,444,608	95,444	1,940,827	(23,788)	607,993	9,966	2,445,940	955	6,521,945
Total fund balances	-	1,456,608	95,444	1,940,827	(23,788)	607,993	9,966	3,674,411	955	7,762,416
Total liabilities and fund balances	\$ 1,754	\$ 1,494,121	\$ 173,153	\$ 1,963,536	\$ 21,872	\$ 1,034,960	\$ 10,341	\$ 3,878,276	\$ 18,251	\$ 8,596,264

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2001

	TOURISM TAX	PARISH TRANSPORTATION	COURTHOUSE MAINTENANCE	HEALTH UNIT MAINTENANCE	CRIMINAL COURT	LIBRARY	SPECIAL WITNESS	SALES TAX SPLIT PROPOSITION	GOVERNOR'S OFFICE OF RURAL DEVELOPMENT	TOTALS
Revenues:										
Taxes:										
Ad valorem	\$	424,430	\$ 105,853	\$ 319,607	\$	\$ 472,731	\$	\$	\$	\$ 1,322,621
Sales tax								2,235,935		2,235,935
Intergovernmental revenues:										
Federal grants										
State funds:		35,414								35,414
Parish transportation funds		484,151								484,151
State revenue sharing		50,799	12,669	38,254		56,581				158,303
Other						34,954			93,901	128,855
Fees, charges, etc.							3,194			3,194
Fines and forfeitures					117,174	4,057				121,231
Interest		10,940	2,587	72,754	90	29,999	389	200,831		317,590
Other		13,200			134	3,550				16,884
Total revenues	-	1,018,934	121,109	430,615	117,398	601,872	3,583	2,436,766	93,901	4,824,178
Expenditures:										
Current:										
General government:					149,757		4,025			153,782
Judicial										101,295
Other			101,295							247,168
Health and welfare				247,168						1,322,934
Highways and streets		1,322,934						62,406		62,406
Sanitation										497,451
Culture and recreation						494,788		659		13,809
Debt service	2,663	13,150								394,890
Capital outlay		177,896				99,115		8,299	92,946	
Total expenditures	2,663	1,513,980	101,295	253,802	149,757	593,903	4,025	71,364	92,946	2,793,735
Excess (deficiency) of revenue over expenditures	(2,663)	(495,046)	19,814	166,813	(32,359)	7,969	(442)	2,365,402	955	2,030,443

(Continued)  
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2001

	TOURISM TAX	PARISH TRANSPORTATION	COURTHOUSE MAINTENANCE	HEALTH UNIT MAINTENANCE	CRIMINAL COURT	LIBRARY	SPECIAL WITNESS	SALES TAX SPLIT PROPOSITION	GOVERNOR'S OFFICE OF RURAL DEVELOPMENT	TOTALS
Other financing sources(uses):										
Operating transfers in	\$	737,925	\$	\$	\$	\$	\$	\$	\$	737,925
Operating transfers(out)								(1,490,227)		(1,490,227)
Choctaw Road Landfill joint venture income(loss)								(258,185)		(258,185)
Excess sales tax split with other government entities								(181,547)		(181,547)
Sale of fixed assets		8,147								8,147
Total other financing sources(uses)	-	746,072	-	-	-	-	-	(1,929,959)	-	(1,183,887)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,663)	251,026	19,814	166,813	(32,359)	7,969	(442)	435,443	955	846,556
Fund balance, beginning	2,663	1,205,582	75,630	1,774,014	8,571	600,024	10,408	3,238,968	-	6,915,860
Fund balance, ending	\$ -	\$ 1,456,608	\$ 95,444	\$ 1,940,827	\$ (23,788)	\$ 607,993	\$ 9,966	\$ 3,674,411	\$ 955	\$ 7,762,416

(Concluded)

See accompanying auditor's report.

## **CAPITAL PROJECTS FUND**

**Louisiana Community Block Grant** - To account for a Federal grant to reconstruct and pave approximately 30,548 linear feet of parish roads and indirectly provide infrastructure for over 395 residents of the parish with 94.1% of the residents being low/moderate income.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
CAPITAL PROJECTS FUND

BALANCE SHEET  
December 31, 2001

ASSETS

Assets:

Receivables	\$ 48,105
Total assets	<u>\$ 48,105</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 20,563
Retainage payable	<u>27,542</u>
Total liabilities	<u>48,105</u>

Fund balance	<u>-</u>
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Total liabilities and fund balance	<u>\$ 48,105</u>
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See accompanying auditor's report.



WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana  
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
For the Year Ended December 31, 2001

REVENUES

Intergovernmental revenue:

Federal grants	\$ 339,593
Total revenues	<u>339,593</u>

EXPENDITURES

Capital outlay	<u>339,593</u>
Total liabilities	<u>339,593</u>

Excess (deficiency) of revenues  
over expenditures

-

Fund balance, beginning

-

Total liabilities and fund balance

\$ -

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT  
Franklinton, Louisiana

Schedule of Compensation Paid  
For the Year Ended December 31, 2001

<u>PRESIDENT - COUNCIL MEMBERS</u>	<u>AMOUNT</u>
M.E. "TOYE" TAYLOR, PARISH PRESIDENT	\$ 78,943
RELTON SUMRALL	7,200
CHARLES NASSAUER	7,200
DARWIN SHARP	7,050
KENNETH WHEAT	9,300
MARVIN THOMAS	7,200
CLINTON MILEY	7,200
RODNEY BROWN	7,200
	<hr/>
	<u>\$ 131,293</u>

See accompanying auditor's report.

*AUDIT REPORTS REQUIRED BY  
SINGLE AUDIT ACT*

# RICHARD M. SEAL

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CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Washington Parish Government  
Franklinton, Louisiana

Compliance

I have audited the compliance of the Washington Parish Government with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The Washington Parish Government's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Washington Parish Government's management. My responsibility is to express an opinion on the Washington Parish Government's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Washington Parish Government's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Washington Parish Government's compliance with those requirements.

In my opinion, the Washington Parish Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

#### Internal Control Over Compliance

The management of the Washington Parish Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Washington Parish Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the Washington Parish Government's management, the office of the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant

Bogalusa, Louisiana  
June 24, 2002



# WASHINGTON PARISH GOVERNMENT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2001

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME	CFDA NUMBER	EXPENDITURES
<u>United States Department of Housing and Urban Development</u>		
<u>Passed through Louisiana Division of Administration- Office of Community Development</u>		
LA Community Development Block Grant	14.219	<u>339,593</u>
Total United States Department of Housing and Urban Development		<u>339,593</u>
<u>Federal Emergency Management Agency</u>		
<u>Passed through LA Military Department Office of Emergency Preparedness</u>		
FEMA	83.544	<u>35,414</u>
Total Federal Emergency Management Agency		<u>35,414</u>
TOTAL EXPENDITURES		<u>\$ 375,007</u>

See accompanying notes to schedule of expenditures of federal awards.

WASHINGTON PARISH GOVERNMENT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2001

**NOTE A--- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Washington Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audit of States, Local Governments, and Non-Profit Organizations*.

WASHINGTON PARISH GOVERNMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2001

**Section I—Summary of Auditor's Results**

Financial Statements

1. The auditor's report expresses an unqualified opinion on the primary government financial statements of the Washington Parish Government.
2. There were no reportable conditions relating to the audit of the financial statements of the Washington Parish Government noted during the audit.
3. There were no instances of noncompliance material to the financial statements of the Washington Parish Government noted during the audit.

Federal Awards

1. There were no reportable conditions relating to the audit of the major federal award programs.
2. The auditor's report on compliance for the major federal award programs for the Washington Parish Government expresses an unqualified opinion.
3. There are no audit findings that are required to be reported in accordance with Circular A-133, Section .510(a).

4. Identification of major programs:

CFDA Number

Name of Passed-Through  
Grantor/Federal Program

14.219

Louisiana Division of Administration  
Office of Community Development/  
LA Community Development Block Grant

5. The threshold for distinguishing major programs was \$300,000.
6. The Washington Parish Government was determined to be a non low-risk auditee.

(Continued)  
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2001

**Section II—Financial Statement Findings**

No matters were reported.

**Section III—Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV—Status of Prior-Year Findings and Questioned Costs**

There were no prior-year findings.

(Concluded)

See accompanying auditor's report.



# RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◊ CERTIFIED GOVERNMENT FINANCIAL MANAGER

To the Honorable M.E. "Toye" Taylor, Parish President  
and the Members of the Parish Council  
Franklinton, Louisiana

I have audited the primary government financial statements of the Washington Parish Government (the Parish Government) as of and for the year ended December 31, 2001, and have issued my report therein dated June 24, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133.

As part of my examination, I have issued my report on the primary government financial statements, dated June 24, 2002, and my report on internal control and compliance with laws, regulations, and contracts, dated June 24, 2002.

During the course of my examination, I became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

## 1. CRIMINAL COURT FUND

### Observation:

The Louisiana Local Governmental Budget Act (R.S. 39:1301) requires that a budget be amended whenever there is an unfavorable variance of five percent or more in actual revenues or expenditures.

The Criminal Court Fund had a fifteen percent (\$21,115) unfavorable variance in revenues, which contributed to a deficit in the fund of \$23,788.

### Recommendation:

The Court should monitor revenues and expenditures periodically to ensure compliance with state law.

Management's Response:

Criminal Court Fund is accounted for only by Parish Government - Criminal Court expenditures are made on motion and order of the District Attorney and the District Judges and not controlled by the Parish Government.

I recommend that the Court address the foregoing issues as an improvement to operations and the administration of public programs. I am available to further explain the suggestions or help implement the recommendations.



Certified Public Accountant

Bogalusa, Louisiana

June 24, 2002